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USDOC FOR 532/OEA/HINES/GAINES
USDOC FOR 3131/USFCS/OIO/ANESA/KREISSL
USDOC FOR 4530/MAC/ANESA/OSA
ICE HQ FOR STRATEGIC INVESTIGATIONS
STATE FOR EB/ESP

E.O. 12958: N/A

TAGS: [BEXP](#) [ETRD](#) [ETTC](#) [IN](#)

SUBJECT: EXTRANCHECK: POST-SHIPMENT VERIFICATION: SMD PUMP &
ENGINEERING INDIA PRIVATE LIMITED, CHENNAI, INDIA

11. Unauthorized disclosure of the information provided below is prohibited by Section 12(c) of the Export Administration Act.

12. On January 28, 2009, Export Control Officer (ECO) Paul Cushman and FSN Shailendra Srivastava conducted six Post-Shipment Verifications (PSV) at SMD Pump & Engineering India Private Limited (SMD) in Chennai. These PSVs had been requested by the Bureau of Industry & Security and corresponded to exportations made under licenses: D342534, D349823, D354565, and D361591 (ECCN: 2B350) and two exportations made under the "No License Required" (NLR) exception. In all, SMD was listed as the ultimate consignee for twenty-three centrifugal pumps and six drum pumps manufactured by Finish Thompson Inc. (FTI) of Erie, Pennsylvania.

13. ECO and FSN Srivastava met with J.S. Desai, Managing Director and Mr. K.R. Lakshmanan, Marketing Head, in the SMD conference room.

14. SMD representatives were familiar with BIS regulations. However, this was the first visit by BIS officials to their facility. During this meeting, Lakshmanan was only able to provide certain documents relating to the NLR transactions. Lakshmanan could not provide any documentation relating to any of the licensed importations. Lakshmanan stated that FTI has never advised SMD of any license conditions. ECO then provided him with copies of the license conditions. He reviewed them and stated that SMD had complied with these conditions and would continue to do so.

15. Lakshmanan stated that SMD imports FTI industrial products on behalf of their customers in India. When SMD receives a purchase order, it then places the identical order with FTI. SMD does not maintain inventory. SMD does not install or maintain the products it sells.

16. On February 18, 2009, ECO received a set of documents from SMD which included SMD Purchase Orders, FTI Invoices, Air Waybills, and receipts for duties paid to the Indian Customs Authority.

17. In 2004, SMD imported eight centrifugal pumps and six drum pumps using the NLR exception. In 2007, SMD imported another six centrifugal pumps using the NLR exception. Lakshmanan presented the associated FTI Invoices and SMD Invoices demonstrating the products' NLR status and their ultimate disposition.

18. In 2005, three FTI KC22 VCVNO centrifugal pumps were imported on behalf of ITC Bhadrachalam Limited under license D342534. He explained that the order was placed by Aker Kvaerner, an engineering division of Aker Solutions of Mumbai, a consulting firm for ITC. He could not show the transfer papers but asserted that the entire lot was sent to Aker Kvaerner. On February 18, 2009, Lakshmanan forwarded the ITC End-Use Statement.

19. In March 2006, two FTI KC22 VCVNO centrifugal pumps were imported

on behalf of Haden International Group India Limited under license D349823. On February 18, 2009, Lakshmanan forwarded copies of the Haden Purchase Order, Haden End-Use Statement, and the SMD Invoice-cum-Delivery Challan to support this transfer.

¶10. In May 2006, three FTI KC22 PVDF centrifugal pumps were imported on behalf of Parker Engineering India Limited under license D354565. Lakshmanan stated that the entire consignment was sold to Parker. On February 18, 2009, He provided copies of the Parker Purchase Order, Parker End-Use Statement and the SMD Invoice-cum-Delivery Challan to support this transfer.

¶11. In December 2006, one FTI UC1518 centrifugal pump was imported on behalf of SRF Limited under license D361591. On February 18, 2009, Lakshmanan forwarded copies of the SRF Purchase Order, SRF End-Use Statement, and the SMD Invoice-cum-Delivery Challan to support this transfer.

¶12. After the meeting, the BIS team was taken to the SMD store room where ECO physically verified three centrifugal pumps. Lakshmanan explained that these pumps were procured from FTI under the export license number 361586. The customer, Arjun Technologies Inc., had cancelled the order. SMD is currently looking for another customer to buy the pumps. ECO advised Lakshmanan that in order to sell the pumps to another end-user, he will first have to apply for and receive a modification to the original license. Lakshmanan acknowledged that he understood his responsibility. The serial numbers of these pumps are 57448K06, model KC22VCVNO6010, and 46743L04, model KC22PCVB6090. The serial number of the third pump could not be recorded. This is because the shroud, on which the serial number is affixed, was missing.

¶13. Established in 1958, SMD Pump & Engineering India Private

Limited is a company specializing in supplying sophisticated pumps and related equipment to engineering consultancies that support the paper and pulp industries. SMD became an overseas distributor for Finish Thompson Inc. in 1994. SMD has 12 employees. SMD does not have after-hours security.

¶14. Recommendation: Based upon a review of the documents and information provided, SMD Pump & Engineering India Private Limited does not appear to be a thoroughly reliable recipient of controlled technologies. ECO has concerns about SMD's sloppy record keeping practices and the lack of organization and security at their facility. Furthermore, because a physical inspection of only three items could be performed, these Post-Shipment Verifications remains inconclusive. ECO recommends additional PSVs be performed at this facility in the future.

MULFORD